

Natural Resources

The Resources Agency, through its various departments, boards, commissions, and conservancies, is responsible for administering programs that conserve, preserve, restore, and enhance the rich and diverse natural and cultural resources of California. The Governor's Budget proposes \$4.0 billion and 16,225.1 personnel years for state operations, local assistance activities, and capital outlay.

Secretary For Resources

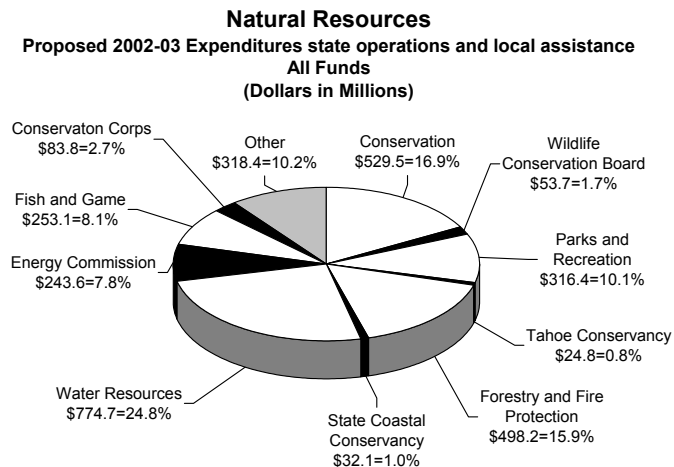
The Secretary for Resources (Secretary) is responsible for administering programs and policies governing the protection of California's natural and cultural resources. The Secretary also administers the Sea Grant Program, the Open Space Subvention Program, the Environmental Enhancement and Mitigation Demonstrations Program, and the Coastal Resources and Energy Assistance program. Other significant programs include:

California Legacy Project—Also known as the California Continuing Resource Investment Strategy Project,

this multi-year project will continue its work to develop the first-ever statewide conservation investment strategy, which will help State agencies and the State's conservation partners make better decisions about how to conserve our natural resources. The Budget includes \$2 million for the third year of the project.

River Parkway Initiative—In the ongoing effort to develop and protect river parkways in the State, the Budget includes \$10 million from the proposed California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Bond Act to be placed before the voters in March 2002 as Proposition 40.

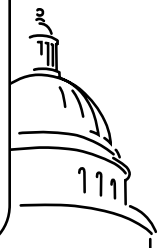
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California Tahoe Conservancy

In an effort to preserve and restore Lake Tahoe, California entered into the Federal Interagency Partnership on the Lake Tahoe Ecosystem in 1998. This partnership commits the State, the federal government, the State of Nevada, and various other local and governmental entities to a

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10-year Lake Tahoe Environmental Improvement Program (EIP). Of its \$275.1 million share, California has allocated \$158.0 million (57.4 percent) for acquisition and site improvement projects. In addition, the State has also funded \$8.4 million for research, monitoring, and related activities that support the EIP but are not a direct part of the commitment. The Budget continues California's commitment to the partnership by providing an additional \$25.6 million to continue acquisition, construction, and restoration projects that will further protect air and water quality, preserve and restore wetlands, enhance public access and recreation, preserve fisheries and wildlife habitat, and protect scenic resources with funding provided as follows:

- ❖ \$20.7 million for the Tahoe Conservancy
- ❖ \$0.2 million for the State Water Resources Control Board
- ❖ \$1.0 million for the Department of Parks and Recreation
- ❖ \$0.4 million for the Air Resources Board
- ❖ \$3.3 million for the Tahoe Regional Planning Agency

Department Of Forestry And Fire Protection

The Department of Forestry and Fire Protection (CDF) provides fire protection and suppression for non-federal wildlands, responds to emergencies,

and protects and enhances forests, range lands, and watersheds. The Budget includes \$498.2 million and 5,220.3 personnel years to support CDF. Significant changes include the following:

- ❖ Elimination of the Emergency Fund (\$55 million General Fund). Instead, the Budget includes language that will allow the Department of Finance to address the actual costs of firefighting through an administrative process.
- ❖ \$20 million General Fund replaced with reimbursement authority for firefighting infrastructure costs in State Responsibility Areas (SRAs). Population encroachment in SRAs necessitates an examination of the appropriate cost-sharing mechanism with local jurisdictions for response services to incidents such as traffic accidents, house fires, medical emergencies, and other incidents unrelated to wildland fires.
- ❖ \$1.4 million General Fund and 11.6 personnel year reduction for various resource management and administrative activities.

The Budget also proposes \$52.8 million for 21 previously-approved capital outlay projects and one new project. For additional details, see the Capital Outlay Section.



California Conservation Corps

The mission of the California Conservation Corps (CCC) is to engage young men and women in meaningful work, public service, and educational activities that will assist them in becoming more responsible citizens, while protecting and enhancing California's environment and communities. The CCC operates district and satellite facilities, in both residential and nonresidential settings, from the Oregon to the Mexico borders. Since the CCC's creation in 1976, more than 85,000 young men and women between the ages of 18 and 23 have participated in the program. The Budget includes \$83.8 million and 546.4 personnel years in support of the CCC. Significant changes include the following:

- ❖ \$5.3 million General Fund reduction for elimination of the Weatherization and Energy Efficient Rehabilitation program and four energy pilot projects. This reduction will have little effect on the number of Corps members, and the Corps will continue to pursue other funding opportunities.
- ❖ \$0.8 million General Fund reduction due to the closure of the Mare Island residential facility.

The Budget also proposes \$12.9 million for one continuing capital outlay project and for the minor capital outlay program. For additional details, see the Capital Outlay Section.

Tidelands Oil

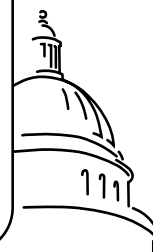
The State Lands Commission collects revenues from the sale of tidelands oil. Under current law, which will sunset on January 1, 2003, these revenues are allocated to a variety of special funds to support particular programs. The Budget proposes to streamline this process by depositing these revenues into the General Fund and funding these programs directly from the General Fund or other appropriate funding sources.

Specifically, the Budget proposes to fund current programs as follows:

- ❖ **Department of Fish and Game—** Replace \$2.2 million for the Marine Management program with General Fund, and replace \$8 million for salmon habitat projects with Proposition 40 funds.
- ❖ **Wildlife Conservation Board—** Replace the \$19.7 million transfer to the Habitat Conservation Fund with General Fund.
- ❖ **Department of Parks and Recreation—** Replace \$10 million for state park deferred maintenance with Proposition 40 funds.

Department Of Fish And Game

Over the last three years, the Administration has more than doubled the General Fund support, and increased other funds by 30 percent, for the Department of Fish and Game to



significantly improve its ability to manage California's diverse fish, wildlife, and plant resources, and habitats for their ecological values and enjoyment by the public. The Budget proposes \$253.1 million and 2,443.7 personnel years for state operations and local assistance.

In light of the current condition of the General Fund, however, the Budget reflects the following significant adjustments:

- ❖ \$2.1 million General Fund reduction for enhanced CEQA reviews.
- ❖ \$1.2 million General Fund reduction for expanded CALFED activities.
- ❖ \$1 million General Fund reduction for local conservation planning grants.
- ❖ \$975,000 General Fund/Fish and Game Preservation Fund reduction for in lieu fees to counties.

State Coastal Conservancy

The State Coastal Conservancy was established to preserve, protect, and restore significant coastal resources and to provide public access along California's 1,100-mile shoreline. Over the past three years, the Administration has expended nearly half a billion dollars and acquired 20,000 acres through various State and local programs to further protect the environment.

The Budget proposes \$5.5 million and 60.1 personnel years for state operations and \$26.6 million for capital outlay. Significant adjustments include \$10 million from Proposition 40 for various CALFED-related projects.

Department Of Parks And Recreation

The Department of Parks and Recreation is responsible for preserving the State's extraordinary biological diversity, natural and cultural resources, and high quality outdoor recreational opportunities. The State Park System consists of 266 units including parks, beaches, trails, wildlife areas, open spaces, off-highway vehicle areas, and historic sites.

Over the past three years, the Administration has added 22,000 acres to the System and has placed particular emphasis on expanding opportunities for urban populations to enjoy the park experience.

The Budget proposes a total of \$316.4 million and 3,026.1 personnel years for state operations (\$268.2 million) and local assistance (\$48.2 million). Significant adjustments include a \$17 million General Fund reduction to be partially backfilled with Motor Vehicle Fuel Account revenues (\$15 million) that otherwise would have been deposited into the Department of Boating and Waterways' Harbors and Watercraft Revolving Fund.



The Budget also includes \$48.2 million in grants to local agencies for recreational facilities, historic preservation projects, and habitat protection efforts, as follows:

- ❖ \$16.4 million Off-Highway Vehicle Fund
- ❖ \$17.1 million from the Proposition 12 Park Bond Act
- ❖ \$8.6 million Federal Funds
- ❖ \$4.0 million Recreational Trails
- ❖ \$2.1 million Habitat Conservation Fund

The Budget also proposes \$58.2 million for 20 previously approved capital outlay projects and 13 new projects for acquisition, maintenance, and development issues in the park system. For additional details, see the Capital Outlay Section.

CALFED

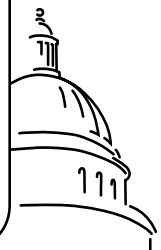
The CALFED Bay-Delta Program is an unprecedented effort to build a framework for managing California's most precious natural resource—water. California and the federal government have launched the largest, most comprehensive water management and ecosystem restoration program in the world. The CALFED program includes participation by water users, environmentalists, business leaders, and representatives of local governments and tribal communities.

The Budget includes \$519.3 million for the State's share of the CALFED Bay-Delta Program (\$58.9 million General Fund, \$417.0 million bond funds, and \$43.4 million other funds) for the following activities:

- ❖ \$207.5 million for ecosystem restoration programs and projects.
- ❖ \$103.4 million for surface and groundwater storage.
- ❖ \$47.8 million for Delta conveyance projects.
- ❖ \$36.2 million for drinking water quality projects.
- ❖ \$124.4 million for water use efficiency, environmental water account, science, water transfers, watershed management, and Delta levees.

Department Of Water Resources

The Department of Water Resources (DWR) protects, conserves, and develops the State's water supply. DWR delineates the State's water issues, forecasts future water needs, evaluates and inventories existing water resources, and explores conservation and storage options to meet the needs of the State's growing population. The Budget includes a total of \$774.7 million for state operations (\$516.5 million) and local assistance activities (\$258.2 million) and 2,936.1 personnel years. In



addition, DWR will expend \$5.2 billion from the Electric Power Fund for the costs related to the purchase of electric power to help meet the State's electrical needs. These costs are borne by ratepayers.

In light of the current condition of the General Fund, however, the Budget reflects the following adjustments:

- ❖ \$15.8 million General Fund reduction for expanded CALFED activities.
- ❖ \$5.8 million General Fund to upgrade a Tahoe-Truckee Sanitation Agency waste water treatment facility. This is the second of a two-year commitment, which will improve water quality in the Truckee River and help ensure that the State secures additional water allocations.
- ❖ \$3.9 million General Fund reduction for expanded CALFED levee activities.
- ❖ \$1.4 million General Fund reduction for various water conservation and management activities.

The Budget also proposes \$9.6 million for four previously approved capital outlay flood control projects, and includes \$510.9 million for the State Water Project. For additional details, see the Capital Outlay Section.

California Energy Resources Scheduling—In early January 2001, suppliers of electricity to California threatened to discontinue the sale of

electric power to two of the State's three investor-owned utilities because of the utilities' poor financial condition. To prevent major electricity shortages in the State, DWR began purchasing electric power on behalf of the utilities, which has successfully stabilized energy prices. The Budget includes \$28.4 million and 88 positions for various activities including the management of long-term energy contracts and purchasing power on the spot market through December 31, 2002.

Energy Resources Conservation And Development Commission

The mission of the California Energy Commission (Commission) is to ensure a reliable supply of energy to meet California's needs, while complying with environmental, safety, and land use goals. The Commission processes applications to site new power facilities, encourages measures to reduce wasteful and inefficient use of energy, and monitors alternative ways to conserve, generate, and supply energy. The Budget proposes \$243.6 million and 535.0 personnel years for state operations and local assistance.

Over the past three years, the Administration has nearly tripled funding for siting energy facilities. The Commission's review of power plant siting proposals ensures that applicants provide an efficient and reliable source of energy while operating in compliance with health, safety, and environmental laws. In addition, the



review process has been streamlined to add additional power plant capacity and reduce bureaucracy.

Over the past three fiscal years, \$459 million of the State's total \$770.8 million for conservation efforts has been provided to the Commission to promote energy conservation throughout the state. Largely through appropriations from Chapters 7 and 8, Statutes of 2000, First Extraordinary Session (SB 5X and AB 29X, respectively), the Commission has expanded existing and developed new programs to help the State conserve energy. Some of these programs include:

- (1) improved building and appliance energy efficiency standards to reduce unnecessary energy consumption;
- (2) loans, grants, and technical assistance to schools, colleges, local governments, and the private sector for the installation of energy efficient lighting, insulation, and machinery; and
- (3) rebates to energy customers for the installation of energy efficient appliances and renewable energy systems, such as windmills or solar panels.

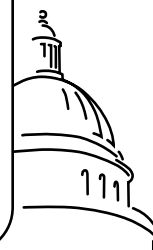
In 2000, the Public Interest Energy Research (PIER) and Renewable Energy Program were extended through 2012. The PIER program provides \$62.5 million annually to public and private entities for research, development, and demonstration activities that promote energy-related technologies. The Renewable Energy Program provides \$135 million from the Renewable Resource Trust Fund each year for the continued operation and construction

of new renewable energy power plants, and provides assistance to energy customers in purchasing renewable energy.

Public Utilities Commission

The Public Utilities Commission (PUC) is responsible for the regulation of investor-owned utilities, including gas, electricity, telephone, water and railroads, and certain passenger and household goods carriers to ensure the delivery of stable, safe, and economic services. The PUC has traditionally met this responsibility through enforcement of safety regulations, controlling industry rates for services, and promoting energy and resource conservation. The Budget proposes \$1.3 billion and 921.9 personnel years for state operations, which includes \$1.1 billion and 25.7 personnel years for the administration of the Universal Service Telephone programs; and \$123.5 million for the Natural Gas Surcharge program, which provides assistance to low-income customers, supports energy conservation efforts, and sponsors research and development projects.

Over the past three fiscal years, \$137.5 million General Fund of the State's total \$770.8 million for conservation efforts has been provided to the PUC to promote energy efficiency and conservation throughout the State. Largely through appropriations from Chapter 7, Statutes of 2000, First Extraordinary Session (SB 5X), the Commission has expanded existing and developed new programs to help the



State conserve energy, including:
(1) rebates to energy customers for the installation of energy efficient appliances; (2) education of customers, manufacturers, and distributors of energy efficient products in the marketplace; and (3) loans, grants, and technical assistance to public and private sector entities for the installation of energy efficient equipment.

